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ABSTRACT

This report examines the impact of the 1996 Personal Responsibility Work Opportunity Reconciliation Act (PRWORA) on the college enrollment of welfare recipients who completed high school. The report highlights the lower college enrollment rates among recipients in the post-Temporary Assistance for Needy Families (TANF) period and notes the impact of specific state policies toward postsecondary education. Data came from the Urban Institute's 1997 and 1999 National Survey of America's Families. Results confirm that nationally, welfare recipients are attending college less after the passage of PRWORA. There has been approximately a 20-point drop in college enrollment among all welfare recipients, relative to other low-income people who are not welfare recipients, and a 16-point drop for African American welfare recipients, over the first 2 years of TANF. Many state TANF programs discourage college enrollment. In 1998, 25 states did not allow welfare recipients to count any time taking college courses toward work requirements. On average, state policies account for 13 percent of the drop in the probability that welfare recipients would enroll in college relative to other poor women after implementation of TANF. There is a substantial and statistically significant lowering of the odds that TANF recipients attend college after the implementation of TANF compared to pre-TANF. (Contains 12 references.) (SM)

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Special Research Report
(SRR-01-2002)

NEGATIVE EFFECTS OF TANF ON COLLEGE ENROLLMENT

National Urban League Institute for Opportunity and Equality
Washington, D.C.
June 2002

This special research report was prepared with the generous support of the Joyce Foundation

This special research report was prepared by Kenya L.C. Cox, Research Analyst, and William E. Spriggs, Ph.D., Director, National Urban League Institute for Opportunity and Equality, Washington, D.C.

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FOREWARD

In 1996, when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) passed, high school graduates who were recipients of the old Aid to Families with Dependent Children (AFDC) were 13 percent more likely to attend college than other poor women. In less than two years, under the new Temporary Assistance to Needy Families (TANF) program, welfare recipients were 7 percent less likely than other poor women to go to college. That is a 20 point swing to the disadvantage of welfare recipients. Nearly half of welfare recipients are high school graduates, so this is not an inconsequential policy effect. Further, according to the U.S. Census Bureau, in 2000, a woman without a high school degree earned $9,996, a woman with a high school diploma earned an average of $15,119 and an Associate's degree earned her $23,269. In contrast, a woman who earned a Bachelor's degree received $30,487, more than twice the earnings of a high school graduate. It would appear that reversing the negative effect of TANF on college enrollment would be a high priority, and that studying the policies that generated the negative outcome would also be a high priority.

This study, by Kenya Cox, a research analyst with the National Urban League Institute for Opportunity and Equality, and William Spriggs, the Institute's Director, finds that state policies that limited TANF recipients' access to college by not counting it as a valid "work" activity significantly reduced the college enrollment of African American TANF recipients. Increased hours spent working also lowered college enrollment, apparently accounting for much of the reduction in college attendance for welfare recipients. The results are robust, even when we control for differences in family size and differences in in-state community college tuition costs, there is a statistically significant switch so that women receiving TANF become less likely to attend college. Our findings show it is important for states to have the flexibility to allow college attendance, without limits placed on welfare recipients, and to count college credits as a legitimate work effort, to encourage college enrollment among TANF recipients.

One role for public policy analysts is to provide information for making smart decisions, not just politically driven decisions. That is the role the National Urban League Institute for Opportunity and Equality assumes in this report. Passions run high in debating welfare. In this debate, it is best to let the data speak. The early success of TANF in achieving job placements appears easy to understand. If a large share of college ready women were pushed out of attending college and forced to compete with high school graduates for low wage jobs, then of course the TANF roles could fall, and former recipients receive jobs. But, the long run costs of that strategy is a massive under-investment in the skills of TANF recipients that will permanently lower their life time earnings, and at a time when the nation suffers from teacher and nursing shortages, perhaps deprive us all of the skilled work force we need. Perhaps more important is the long run effect on the recipients children, because we know the differences in life chances for children whose parents are better educated—better students, better health, and the list goes on. Policy makers would do well to understand the full implications of policies, where data clearly show negative effects.

Hugh B. Price
President, National Urban League

EXECUTIVE SUMMARY

Despite reports that the Personal Responsibility Work Opportunity Reconciliation Act (PRWORA) of 1996 has been successful, this report shows that it has negative effects on TANF recipients' access to college. College enrollment at institutions TANF recipients predominantly attend, tell the story. For example, enrollment of welfare recipients at the City University of New York decreased from 27,000 in 1995 to 5,000 in 2000, indicating a drop of about 81.5 percent.

This report focuses on the impact (PRWORA) has had on the college enrollment of welfare recipients. Moreover, the study seeks to explain lower college enrollment rates among recipients in the post TANF period by examining the impact of specific state policies toward postsecondary education. State welfare policies under TANF placed limits on TANF recipients' access to college by not counting it as a valid "work" activity. This study found that these limits significantly reduced the college enrollment of welfare recipients, and especially that of African American TANF recipients.

Data used for this study came from the 1997 and 1999 waves of the Urban Institute's National Survey of America's Families; this data reaffirms the trend seen at CUNY. Nationally, welfare recipients are attending college less after the passage of PRWORA; there has been approximately a 20 point drop in the college enrollment of all welfare recipients, relative to other poor women who were not recipients, and a 16 point drop for African American recipients, over the first two years of TANF.

Clearly what was at work was not simply the passage of time, but a change in a set of policy variables that affected welfare recipients. We modeled those state policy variables that directly impacted college attendance by running logistic regression models and using college attendance as the dependent dichotomous variable. The focus was on those states that did not allow postsecondary education as a work activity and those states that limited the duration they would count college as a work activity. Many of the state TANF programs discourage college enrollment; in 1998, 25 states did not allow welfare recipients to count any time taking college courses toward their work requirement.

The result of our empirical research indicates that on average, state policies account for 13 percent of the drop in the probability that welfare recipients would enroll in college relative to other poor women after implementation of TANF. Overall, there is a substantial and statistically significant lowering of the odds that TANF recipients attend college after the implementation of TANF compared to pre TANF. Moreover, the decline in the probability of college attendance for TANF recipients occurred while there was, otherwise, an increase in college attendance among poor women. The most disturbing part of our finding was that African American welfare recipients who reside in states with strict "work first " TANF programs are most affected.

This data cover a short period, only two years after welfare reform. Yet, they are able to show a dramatic decline in the probability of welfare recipients pursuing college. Given the current shortage of teachers and nurses, and computer technicians in America, this is an unintended consequence we all lose from. The talent pool within the welfare population is more diverse than is commonly recognized. So, it would be counterproductive to adopt a one-size-fits-all policy that limits the ability of states to design flexible programs that recognize it is important to maximize the lifetime earnings of welfare recipients.

INTRODUCTION

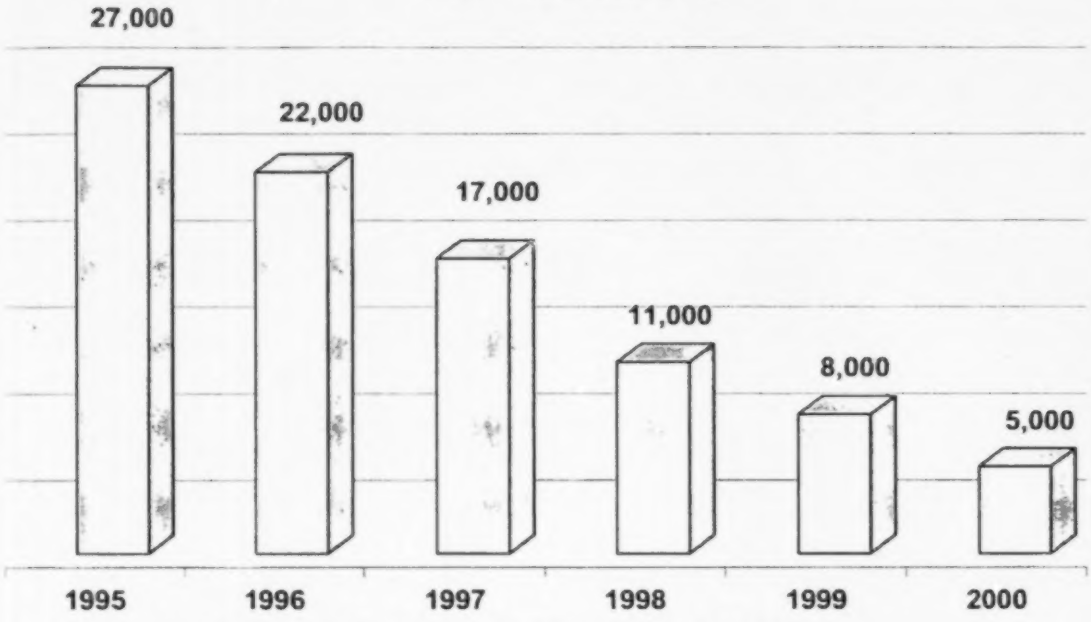
The purpose of this study is to determine what effect passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) has on the college enrollment of welfare recipients who have earned a high school diploma. Because nearly half of welfare recipients are high school graduates, this is an important effect to research. Two key effects are examined. First, a new social policy environment has evolved due to the fundamental change in social welfare policy, the removal of the entitlement status of welfare has limited the options of poor women who receive welfare to choose their own paths to self-sufficiency by increasing sanctions for choosing human capital development over immediately choosing work, and therefore under-investing in human capital. And, second, because of the discretion allowed by caseworkers without any checks for practices that discriminate, minority welfare recipients will be less likely than other poor women to pursue postsecondary education in states with aggressive "work-first" policies.

The imminent TANF reauthorization makes this question particularly important. Now is the opportunity to correct ineffective policy, or unintended consequences, so poor women can truly achieve financial independence. Using data from the Urban Institute's National Survey of American Families, our findings indicate how important it is for states to have the flexibility to allow college attendance, without limits placed on welfare recipients, and to count college credits as legitimate work effort, to encourage college enrollment among TANF recipients.

College enrollment of welfare recipients under AFDC and TANF indicate lower enrollment rates for welfare recipients in the post welfare reform period. For instance, since 1995, enrollment of welfare recipients at the City University of New York decreased from 27,000 in 1995 to 5,000 in 2000 (see Figure 1) a drop of about 81.5 percent (Applied Research Center, 2001). Data from the Urban Institute's National Survey of America's Families 1997 and 1999, which is used for this study, reaffirms the trend seen at CUNY. Nationally, welfare recipients are attending college less after the passage of PRWORA.

The result of our estimation shows a substantial and statistically significant lowering of the odds of TANF recipients to attend college in 1998 compared to 1996. Our model shows that, relative to other poor women who were also high school graduates, and who had similar sized families, that TANF and AFDC recipients were significantly more likely to attend college in 1996. Moreover, the decline in the probability of college attendance for TANF recipients occurred while there was, otherwise, an increase in college attendance among poor women. The most disturbing part of our finding was that college enrollment of African American recipients is most affected by the change in state policy, where recipients are not allowed to count time spent taking college courses as a work activity.

Figure 1. Decline in Welfare Recipient Enrollment at City University of New York 1995-2000



Source: Welfare Rights Initiative, City University of New York, Brooklyn, NY. 2001

The fact that education builds individuals' self worth is unquestioned. Yet, when poor women who are attached to the welfare system seek a college education but are limited or prohibited by the implementation of welfare reform policies, the obvious is ignored; more so than any other group, poor mothers need to build their human capital. Their low-income status stems from low wage earning capacity, more than the lack of work effort. They, especially, need to increase their chances of finding high wage jobs that are far more likely to be full time, and include health benefits and sick leave.

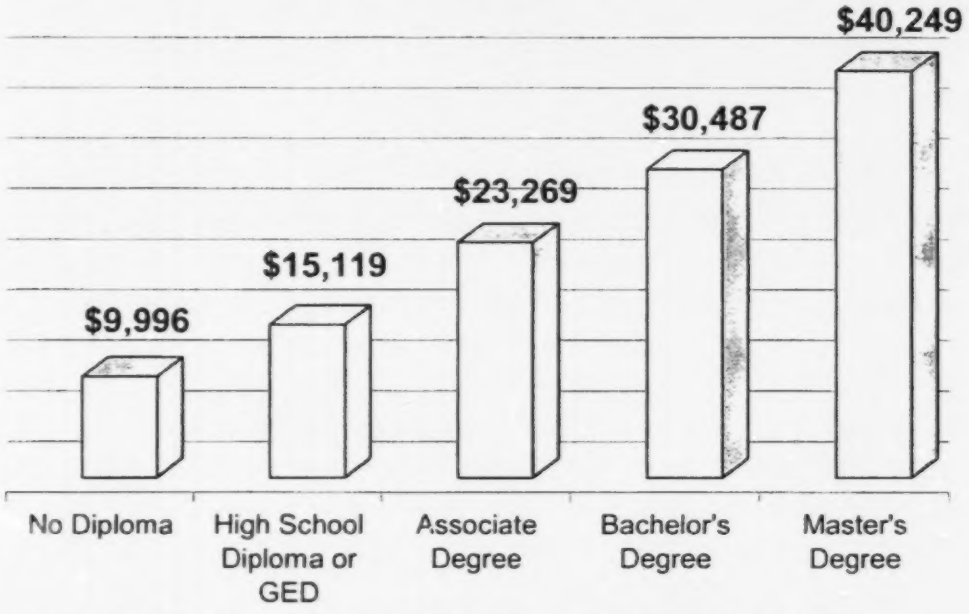
The correlation between education attainment and poverty reduction is well documented. The poverty rate of minority households substantially decreased by half after women heads of household attained only 1 year of postsecondary education (Sherman, 1990). Additional research examining the magnitude by which education can reduce the poverty status of women indicates that women with more postsecondary education were not likely to return to welfare rolls and most likely to escape poverty (Meyer and Cancian, 1997).

According to the U.S. Census Bureau, in 2000, a woman without a high school degree earned $9,996, a high school degree earned an average of $15,119 and an Associate's degree earned her $23,269. In contrast, a woman who earned a Bachelor's degree received $30,487, more than three times the earnings of a high school dropout (see Figure 2) (U.S. Census Bureau, 2001). This data indicates that attaining more education has incremental effects on the financial well being of working women.

The "work-first" philosophy currently underpinning federal welfare policy and a number of state TANF programs assumes a one-size-fits-all policy approach. This philosophy fails to consider the importance of educational attainment in promoting the economic well being of poor families. Research shows that better educated individuals are more likely to access better paying jobs, less likely to return to poverty, and more likely to have high-achieving children. Under AFDC, some recipients used their benefits to help subsidize their efforts to pursue postsecondary education opportunities and balance the responsibilities of parenthood.

Various researchers provide insight into welfare and education or training (APA, 1998; Bell, 2000). It is widely understood that education is key in reaching economic independence; this is especially true for minorities and women. Moreover, evidence shows that welfare recipients under AFDC were more likely to seek and receive training and education than the general adult population (Bell, 2000). However, what is lacking in the research is an empirical investigation of the (PRWORA) policy impacts on the postsecondary educational attainment of welfare recipients. This kind of study is necessary to assess the effectiveness of PRWORA in promoting the development of human capital in TANF recipients in ways that truly boost their economic independence.

Figure 2. A Bachelor's Degree More Than Triples Women's Earnings



Source: U.S. Census Bureau, Table 7. Median Income of People by Selected Characteristics, 2000.

BACKGROUND AND PREVIOUS RESEARCH

Presently, federal welfare law requires that 50 percent of single-parent families and 90 percent of two-parent families receiving TANF be engaged in a work activity. Single – parent families are required to work 30 hours per week, however, if they have a child younger than six years old then the requirement drops to 20 hours a week. Two parent recipient families have slightly different requirements, they are required to work a minimum of 35 hours per week but if an infant of 12 months or less is in the household they are exempted from the work requirements.

New TANF reauthorization proposals in Washington, DC, including many being pushed forward in the House of Representatives and the Senate suggest setting work participation rates at 70 percent for all families receiving TANF and increasing the work requirement to 40 hours per week (Lyter, Oh and Lovell, 2002). Under these plans, the 40 hours can be divided into 24 hours of direct work and 16 hours of other constructive activities related to work or skill building, states define what is acceptable. In addition, although parents with infants would continue to be exempt from the work requirements, parents with children younger than six would see an increase in their required work participation to 40 hours per week.

There is anecdotal evidence of the detrimental impact that welfare reform, particularly of the type being pushed which would increase work at the expense of developing earning potential, has had on welfare recipients' ability to take college courses. College enrollment of welfare recipients under AFDC and TANF indicate lower enrollment rates for welfare recipients in the post welfare reform period. For instance, since 1995, enrollment of welfare recipients at the City University of New York decreased from 27,000 in 1995 to 5,000 in 2000 a drop of about 81.5 percent (Applied Research Center, 2002). This individual college enrollment trend raises the need to further investigate college enrollment of TANF recipients.

Generally, recipients complain that required work time constraints and other miscellaneous mandatory activities force them to interrupt their college education. Many recipients have voiced their concern about the amount of control welfare offices have over their time. Many activities seem to be counterproductive and do not appear to boost financial independence. One welfare recipient remarks, "when we could be caring for our children, looking for work that pays a living wage, or going to school, we are forced instead to deal with requirements for filling out papers; certification meetings after certification meeting; make work workfare placements; poorly planned academic classes and "dress for success" or weight loss classes; and jobs that pay us low wages for six months then fire us so that they can get another government tax credit (Applied Research Center, 2002)."

- **The Importance of College Education to Poor Women's Economic Independence**

The "work first" approach ignores important studies that chronicle amazing economic, personal, and familial success of women who have overcome barriers to complete their college education and obtain jobs that pay a decent living wage. These jobs provide access to health care, childcare and wealth building opportunities. Higher education has been one of the most promising pathways out of poverty. Although education does not eliminate racial and gender discrimination in the job market, the gap between the pay of women and men decreases with more education (U.S. Census Bureau, 2002). It is difficult for a woman head of household without any college degree to find a stable job that pays enough to support a family on one income. An average family receiving TANF benefits has three members, including two whom are children. The median earnings (meaning only half of all women make more) of a woman with a high school degree are about $15,000, barely above the official poverty threshold for a family of three at 14,229 (U.S. Census Bureau, 2002).

Studies of people leaving welfare document the significant improvements some college has made on minority women's jobs, salaries, finances, family life, and self-esteem. (Gittell, Gross and Holdaway, 1993; Gittell, Schehl and Facri 1990; Johnsosn, 1991; Kates 1991). Survey results in six states reaffirm what we already know about the effects of education on poverty. Results of a 1990 survey administered in New York State indicated that 88 percent of welfare respondents who returned to college and graduated had been employed since graduation; over half were earning $20,000 and 7 percent were earning over $30,000 (Gittell, Schehl and Facri, 1990). Similarly, in Illinois, Tennessee, Pennsylvania, Washington and Wyoming, on average of 81 percent of females who graduated from college were continuously employed after graduation (Gittell, Gross and Holdaway, 1993). Those who completed a 4-year degree were the most likely to have left welfare for stable employment and adequate earnings to support a family.

Furthermore, research focusing on the impact of postsecondary education on the well being of minorities shows that with one year of postsecondary education minority women were able to decrease their poverty by half. African American women with at least one year of postsecondary education as compared to high school graduates decreased their poverty from 51 percent to 21 percent, and Latina women decreased from 41 percent to 18.5 percent (Sherman, 1990). White women who achieved 1 year of postsecondary education realized smallest decreases; the drop in poverty was only 9 percent.

Postsecondary education provides the most effective means by which welfare recipients can become self sufficient through financial independence. Important players in the 2002 reauthorization of PRWORA should be encouraged to make welfare more effective at increasing families' economic independence. Evidence that current policy is not achieving the impact necessary for true economic independence abound. One-report shows, even five years after leaving the welfare rolls, nearly 80 percent of women are still raising their children in poverty (Kates, 1991).

- **Unintended Consequences of Welfare Reform**

More welfare recipients are eligible for postsecondary education than the public is led to believe (Bane and Ellwood, 1994). In fact, nearly half of welfare recipients have graduated from high school or obtained a General Equivalency Diploma (GED) (Center on Budget and Policy Priorities, 1993). Despite the desire and capacity to participate in postsecondary education, many welfare recipients under the new welfare reform law are discouraged from participating because of two factors: 1) states require recipients to work more and 2) states have elected to implement TANF programs that do not allow recipients to count time spent taking college courses toward their work requirement.

In order to receive benefits, students on welfare must get a job, even if the job causes them to drop out of school (APA, 1998). While everyone is pushing the theme of a better-educated workforce, too many caseworkers are telling welfare recipients to find jobs and drop out of college. It is estimated that community colleges will lose up to 60 percent of their welfare students as states are mandated to put larger proportions of their caseloads to work (Ritter, 1997). These trends are likely to continue if the Congress enacts welfare reauthorization that calls for a 40-hour workweek by 70 percent of the rolls.

Evidence suggests that work requirements under TANF result in mothers on TANF working more than mothers typically work in the general population. The Institute for Women's Policy Research analyzed mothers' work experience as reported for the year 2000. They find that only 36 percent of all mothers work year-round at 40 or more hours per week. The average number of hours mothers worked per week is less than 40; they work an estimated 30.9 hours a week (Lyter, Oh and Lovell, 2002).

Furthermore, under TANF, the type of education and training that can count toward work is restricted. The federal government limits education and training to one year. The devolution features of TANF allow states to be more restrictive then the federal law if they see fit. In 1996 about nine states did not count time spent pursuing postsecondary education toward the work requirements and in 1998, twenty-five states did not count it (Urban Institute, 2002).

- **State Policies on Postsecondary Education**

It is our belief that state policies are important in understanding whether poor women in general pursue postsecondary education and welfare recipients in particular. Many of the state TANF programs discourage college enrollment by refusing to count hours spent studying for college courses toward the work requirement. Some states understand the importance of postsecondary education in developing the human capital of their recipients and have passed policies reflecting this attitude. On the other hand, in 1998 states like California, New York and Pennsylvania, among 22 others, have not passed policies allowing welfare recipients to count education towards work requirements. Two of these three states constitute a large majority of the caseload; clearly limiting access to education in these states will decrease the number of recipients taking college courses.

DATA

Data used for this study came from the 1997 and 1999 waves of the Urban Institute's National Survey of America's Families (NSAF), a nationally representative survey of households that collects a wide range of program participation, economic demographic and program participation data. This data allows us to analyze the effects of both AFDC and TANF policy on the postsecondary educational attainment of welfare recipients. The survey asks questions about whether respondents were welfare recipients last year, so the first wave provides information about recipients in 1996. This data will provide a baseline on welfare recipients' college attainment before the full implementation of PRWORA.

In order to select a similarly situated subset of women to compare, both welfare recipients and women in poverty were identified. Welfare recipients under AFDC and TANF are both included in the analysis. The typical recipient family has one adult and two children. The poverty threshold for a family of three, including two children, in 1996 was $12,641 and in 1998 the poverty threshold was $13,133, women who's household income fell below this threshold were included in the sample. In addition, the age of this group of poor women was narrowed to 18 to 35 year olds. The purpose of narrowing the dataset was to examine the impact of state-level welfare policy pertaining to postsecondary education for those who have the greatest potential to attend college. Typically, in 1998 the majority of female college students were between the ages of 18 and 34; they constitute 75 percent of all female college students.[1]

The NSAF provided all of the individual level household characteristics used as covariates in the analysis, such as: number of family members and number of children younger than 6. It also provided race variables that are used to disaggregate the data to examine separate models for the total sample, African Americans and Latinas. State welfare policies toward postsecondary education are the variables of particular interest. Information to construct state policy welfare variables was obtained from the Urban Institutes' Welfare Rules Database, 1996 and 1998 state rules on postsecondary education were used. Table 1 identifies state policies toward postsecondary education in 1996 and 1998. Five states are highlighted, their total caseload is more than 50 percent of the national welfare caseload. Currently, 3 of the largest welfare caseload states did not allow recipients to count college toward their work activity requirements.

The focus is on two aspects of welfare reform: 1) federal policy and 2) more detailed state policy. Included in the analysis is a post PRWORA variable and two state level policy variables that pick up whether the state allows postsecondary education to count towards work requirements and states that limit the number of months that they will allow postsecondary education count towards work requirements.

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[1] Computed from the Statistical Abstract of the United States: 2001, Table 263. College Enrollment by Sex and Attendance Status: 1983 to 1998.

Table 1. State Policy on Counting Postsecondary Education Towards the Work Activity Requirement

	1996		1998	
State	**Counts College***	**Limits College****	**Counts College**	**Limits College**
Alabama	yes	2 year time limit	yes	2 year time limit
Alaska	yes	30 month time limit	yes	no limit
Arizona	yes	2 year time limit	yes	2 year time limit
Arkansas	yes	no limit	no	
California	no		no	
Colorado	yes	24 month time limit	no	
Connecticut	yes	no limit	no	
Delaware	no		no	
District of Columbia	yes	2 year time limit	yes	2 year time limit
Florida	yes	2 year time limit	no	
Georgia	.	.	yes	Must maintain a C grade point average
Hawaii	yes	no limit	no	
Idaho	yes	4 year time limit	no	
Illinois	yes	no limit	yes	1 year time limit
Indiana	yes	24 month time limit	no	
Iowa	yes	30 month time limit for a 2-year degree; 40 months for 3 to 4 year degree	yes	30 months for a 2-year degree; 40 months for 3 to 4 year degree
Kansas	yes	no limit	no	
Kentucky	yes	4 year time limit	yes	12 months time limit
Louisiana	yes	no limit	no	
Maine	yes		yes	12 weeks time limit
Maryland	yes	no limit	yes	24 months time limit
Massachusetts	.	.	.	.
Michigan	no		yes	no limit
Minnesota	yes	no limit	no	
Mississippi	yes	5 year time limit	no	
Missouri	yes	24 months time limit	yes	24 months time limit
Montana	yes	no limit	yes	no limit
Nebraska	yes	no limit	yes	24 months time limit

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Table 1. State Policy on Counting Postsecondary Education Towards the Work Activity Requirement (continue)

	1996		1998	
State	**Counts College***	**Limits College****	**Counts College**	**Limits College**
Nevada	no		no	
New Hampshire	yes	2 year time limit	no	
New Jersey	yes	no limit	yes	no limit
New Mexico	yes	no limit	yes	no limit
New York	no		no	
North Carolina	yes	12 months time limit	yes	12 months limit
North Dakota	yes	no limit	yes	no limit
Ohio	yes	24 months time limit	yes	24 months time limit
Oklahoma	yes	no limit	no	
Oregon	no		no	
Pennsylvania	yes	no limit	no	
Rhode Island	yes	no limit	yes	no limit
South Carolina	no		no	
South Dakota	no		yes	no limit
Tennessee	yes	no limit	no	
Texas	yes	24 months time limit	yes	24 months time limit
Utah	yes	no limit	yes	24 months time limit
Vermont	yes	24 months time limit	yes	24 months time limit
Virginia	yes	no limit	no	
Washington	yes	no limit	no	
West Virginia	yes	2 year time limit	no	
Wisconsin	no	4 year time limit for Associate's, 6 year time limit for BA	yes	no limit
Wyoming	yes		no	

*States incorporate into their AFDC or TANF program a provision which specifies that time spent pursuing postsecondary education will count towards that state's work activity requirement.

**Of those states that count time spent pursuing postsecondary education towards the work requirement, some elect to impose limitations on the duration of time that postsecondary education will be counted. For instance, numerous states limit the duration to a total of 2 years.

Source: The Urban Institute's Welfare Rules Database, 1996 and 1998. Note the five states that are highlighted have the largest welfare recipient caseload in both 1996 and 1998

MODEL SPECIFICATION

The model run was a logistic regression, the dependent variable, college enrollment, was operationalized by identifying whether the respondent had attended a college course in the previous year. Because the Urban Institute's NSAF data set oversamples poor people, these regressions were weighted, using a routine devised by the Urban Institute for use in logistic regressions. The model fitted was the following:

$$C\,[pr(Y=1)] = \beta_o + \beta_{recipient} + \beta_{post} + \beta_{(recipient*post)} + \beta_{log(cost\ cc)} + \beta_{family\ size} + \varepsilon_i$$

Where C is the variable capturing the response to the college attendance question, Recipient is a dummy variable (=1 if the respondent received AFDC or TANF benefits, =0 other poor women not receiving benefits in that year), POST is a dummy variable (=1 if the observation was after 1997, 0 otherwise), recipient*POST TANF is an interaction term, capturing the affect of being a recipient in the POST TANF period (=1 if a recipient in 1998, 0 otherwise), LOG(COST OF CC) is the natural logarithm of the average cost of in-state tuition for the community colleges in the respondent's state and FAMILY SIZE is the size of the respondents family.

The interaction term (recipient*POST TANF) allows us to perform a "difference-in-difference" look at the policy change brought on by TANF. All women in this sample were poor and high school graduates. In the short period studied, the major change was the institution of state level TANF policies, which had great variation to them. The 1998 variable, in this initial model captures the time change, and with it the policy change, and anything else that might change in such a short period. The interpretation of the interaction term is how did the broad policy change affect the target population of the policy change.

The model was run for a second time, but this time adding a set of state policy variables and covariates. This was done to isolate the specific changes between 1996 and 1998 that could affect college attendance, and to see if the interaction term (recipient*POST TANF) could be "explained" by their addition. Without the specific policy variables, it is impossible to make any reference about the impact of state policy. But, because we have included policy variables specific to 1998, they are correlated with the interaction term. Thus, their addition should lower the value of the interaction term, and also lower its significance as we now "include" the variables that make 1998 unique. Important control variables were also added. This was done to further control for variables that are known to limit women's activities.

$$C\,[pr(Y=1)] = \beta_o + \beta_{recipient} + \beta_{post} + \beta_{recipient*post} + \beta_{log(cost\ cc)} + \beta_{family\ size} + \Sigma B + \Sigma\delta + \varepsilon_i$$

Where the ΣB symbolizes the state policy variables added, which included two state policy variables, both state policy variables were interacted with whether the respondent was a current welfare recipient: a dummy variable if the respondent's state did not count college toward fulfilling an AFDC or TANF work requirement (=1 if the state had such a policy, 0 otherwise); and a dummy variable if the respondent's state limited the amount

of college attendance that could count toward fulfilling an AFDC or TANF work requirement (=1 if the state had such a policy, 0 otherwise).

Where $\Sigma\delta$ symbolizes the additional controls added, which included whether the respondent was a former recipient (intended to ferret out whether the apparent decline in current recipients attendance but increase in poor women's attendance was achieved by former recipients leaving welfare and now showing as poor women enrolled in college), usual hours worked a week by the respondent, and an interaction term to capture whether this had a different effect under TANF, the number of children 5 and younger (because when their children reach 3 in most states they are required to work, but the child is still too young to attend school), and two state policy variables, each interacted with whether the respondent was a current welfare recipient.

Model 2 was run again, but this time adding a set of state dummy variables. We created dummy variables for the five states with the largest welfare caseload in 1999. Recipients in California, New York, Texas, Pennsylvania, and Illinois make-up over half of the national welfare caseload.[2] We included the state dummy variables in the model to control for states with the largest caseloads because recipients in these states may be driving the results. Because of other peculiarities of these states, separately identifying them should make the model estimates more consistent.

$$C\,[pr(Y=1)] = \beta_o + \beta_{recipient} + \beta_{post} + \beta_{recipient*post} + \beta_{log(cost\ cc)} + \beta_{family\ size} + \Sigma B + \Sigma\delta + \Sigma\vartheta + \varepsilon_i$$

Where $\Sigma\vartheta$ symbolizes the state dummy variables added.

For the coefficients in the models that are dummy variables, the various βs, can be used to calculate changes in probabilities by using the following formula:

$$\frac{P \cdot e^{B}}{(1-P) + P \cdot e^{B}} - P$$

Where P, is taken as the average (or mean) probability that an AFDC recipient in 1996 attended college compared to other poor women.

[2] Data on the total TANF recipients by state is provided by The Administration for Children and Families at www.acf.dhhs.gov/news/stats/caseload.htm.

RESULTS

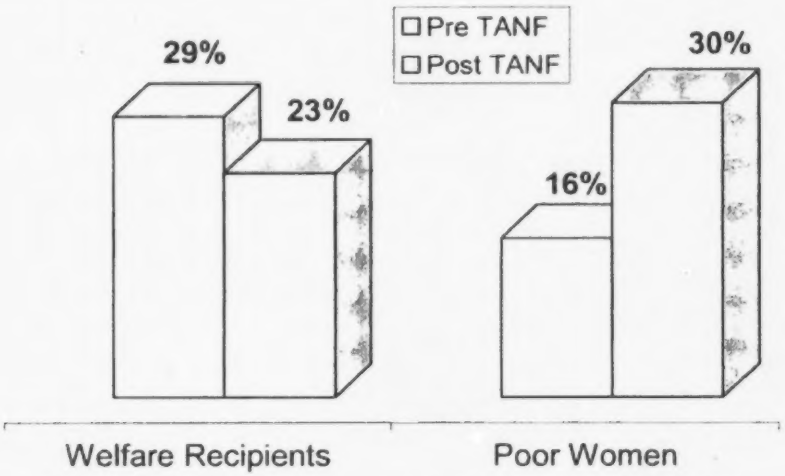
Figure 3 shows that initially, AFDC recipients were 13 percentage points more likely to attend college than other poor women in 1996, but this advantage changed in 1998 to a 7 percentage point disadvantage. That is a swing of 20 percentage points. For African Americans, figure 4 shows a similar swing. In 1996 under AFDC, African Americans were approximately 5 percentage points more likely to attend college than poor women but in 1998 this advantage changed and poor women became nearly 11 percentage points more likely than TANF recipients to attend college. This was a 16 percentage point swing. For Latinas the swing was less evident, in both years, 1996 and 1998 welfare recipients were more likely to be enrolled in college than other poor women. However, this group did exhibit a large decrease, in 1996 AFDC recipients were 16.4 percentage points more likely to attend college than other poor women but in 1998 they were only 4.9 percentage points more likely. The logistic regression analysis sets out to understand which specific variables could explain such a large swing.

- **Econometric Model Results**

Clearly what was at work was not simply the passage of time, but a change in a set of policy variables that affected welfare recipients. We modeled those state policy variables that directly impacted college attendance. Using the Urban Institute's "Welfare Rules Data Base" we modeled state policy toward allowing welfare recipients to attend college in two categories, as: those states that did not allow postsecondary education as a work activity and those states which allowed limited work activity credit for postsecondary education.

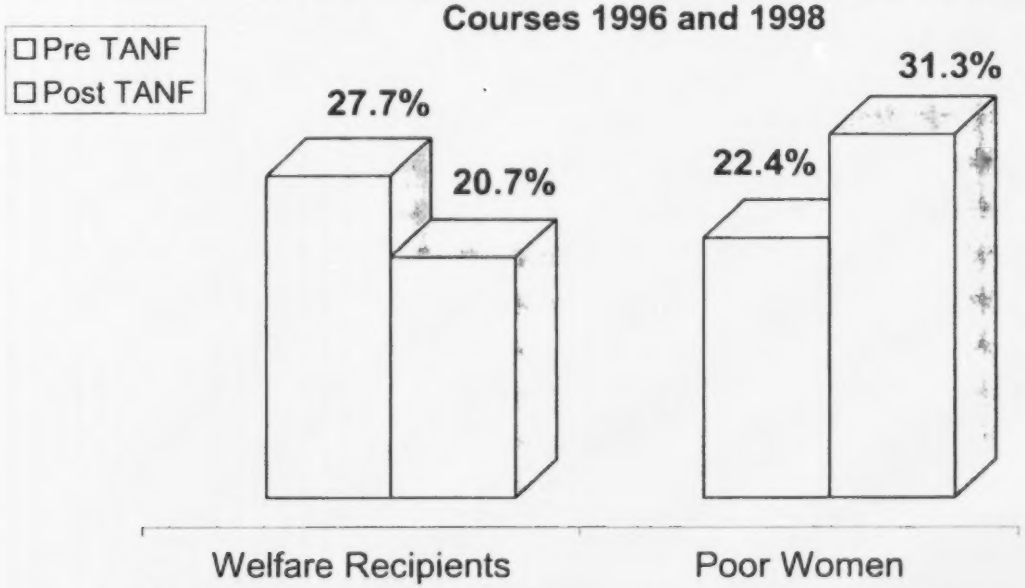
Table 2 presents results for three econometric models. For each model, results are presented for the full sample, African Americans and Latina women. Model 1 is the base model, which includes a dummy variable for welfare recipient (pre and post TANF), an interaction variable that picks up whether the respondent was a recipient after the implementation of TANF, average cost of a two-year public community college in the respondent's state and the number of people in the respondent's household. Results from the base Model 1 show what we expected. The sign for recipients taking college courses is positive, after the implementation of TANF college enrollment for poor women was up and significant, however, for welfare recipients in the post TANF period, after 1997, college enrollment decreased significantly. There are mixed results from the cost of community college that are difficult to interpret, but the coefficient became more consistent once additional controls were included in the model. Family size also proves to be important in decreasing college enrollment. Generally, the results are similar for African Americans and the total sample. However, overall recipients were more likely than non-recipients to attend college than non-recipients, in the pre TANF period, while African American and Latina recipients had a smaller advantage.

Figure 3. Percent of Welfare Recipients and Low Income Women High School Graduates Who are Taking College Courses 1996 and 1998



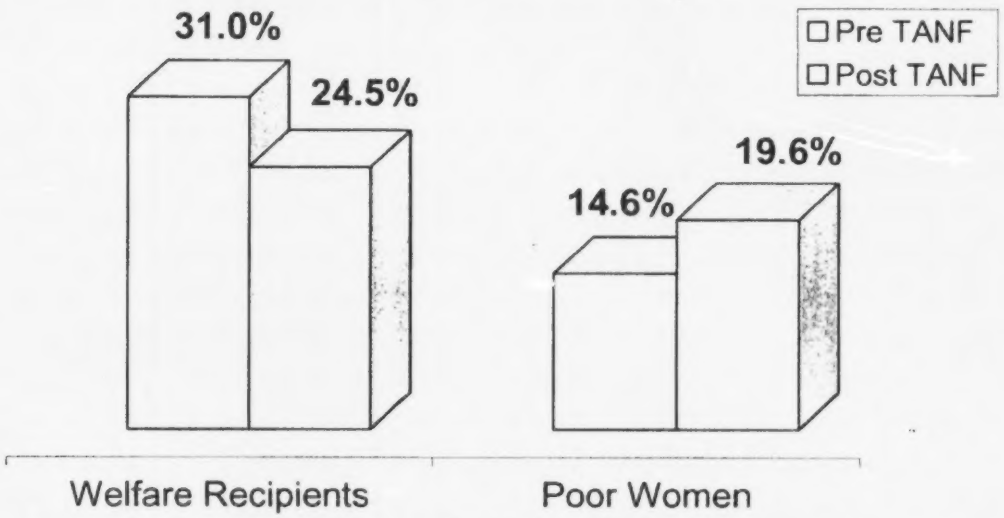
Source: National Urban League Institute for Opportunity and Equality, 2002, Computed using the National Survey of America's Families, 1997 & 1999.

Figure 4. Percent of African American Welfare Recipients and Low Income Women High School Graduates Who are Taking College Courses 1996 and 1998



Source: National Urban League Institute for Opportunity and Equality, 2002, Computed using the National Survey of America's Families, 1997 & 1999.

Figure 5. Percent of Latina Welfare Recipients and Low Income Women High School Graduates Who are Taking College Courses 1996 and 1998



Source: National Urban League Institute for Opportunity and Equality, 2002, Computed using the National Survey of America's Families, 1997 & 1999.

The impact of state policy variables on the interaction term (recipient*POST TANF), along with important controls, can be observed in Model 2. Changes in the interaction term from Model 1 to Model 2 parse out what happens to the college enrollment of recipients after implementation of TANF relative to other poor women. Overall, the inclusion of specific state policy variables and covariates decrease the magnitude and significance of the interaction term, showing how much of the post TANF experience they can explain.

According to Table 2, after controlling for state policies and important covariates in Model 2, the coefficient estimate of the interaction term significantly decreased from –1.175 to -.2466 and statistically it became undifferentiated from being 0 (that is, it lost its statistical significance). On average, state policies account for 13 percent of the drop in the probability that welfare recipients would enroll in college relative to other poor women after implementation of TANF.

Additional evidence that state policies significantly account for the difference in college enrollment is presented in Table 2. When we specifically examine African Americans, state policy significantly lowers the coefficient estimate for the interaction term in Model 2. Before the state policy variables were added, the coefficient estimate on the interaction term was –1.763 and significant at the 10 percent level. Once the policy variables are added in Model 2, the coefficient estimate on the interaction term changed to –0.8723 and it is no longer significant. This suggests that for African Americans the policy accounts for differences in college enrollment by recipients relative to other poor women. For Latinas the addition of the state policy variables in Model 2 did not lessen the effect of the interaction term. This suggests that perhaps differences in the college enrollment of welfare recipient and poor Latina women are not wide enough to parse out the impact of state policies. It is also possible that 1998 is too early after TANF to see the impacts of state policies for Latina women.

Lastly, after controlling for the five states with the largest recipient caseload, the interaction variable for each group decreases further. More importantly, one of the state policy interaction variables that picks up whether recipients reside in strict "work-first" states indicates for African Americans the policy accounts for the difference in college enrollment between welfare recipients and other poor women. Model 3 indicates that college enrollment among African American recipients in strict "work-first" states is significantly decreasing.

In conclusion, our results show that strict "work first" policies were able to explain a large portion of the drop in the odds ratio of college attendance for African American welfare recipients. Roughly at least 10 percent of the drop in the probability for the average recipient to attend college can be linked to specific "work first" state policies that discouraged college enrollment. And, the addition of the policy variables lowers the statistical significance of the remaining gap, meaning we have captured much of the essence of what differed between 1996 and 1998 for welfare recipients.

Furthermore, our results show that there was not a simple shift of college attending welfare recipients into the pool of poor women attending college. Indeed, former recipients were significantly less likely to be attending college than current recipients. Compared to poor women, who were not current recipients, former recipients were 14.1 percentage points less likely to attend college. And, the state policy variables discouraging welfare recipients' college attendance also tended to lower college attendance of all poor women, though not significantly. Undoubtedly, the effect was in part because of the decline in the attendance of welfare recipients where earning college credit was not considered a work activity. But, the unintended consequence may have also been to discourage other poor women through a lack of peer models or uncertainty about the safety-net they may have felt they could no longer access.

POLICY RECOMMENDATIONS

This data cover a short period, only two years after welfare reform. Yet, they are able to show a dramatic decline in the probability of welfare recipients pursuing college. Given the current shortage of teachers and nurses, and computer technicians in America, this is an unintended consequence we all lose from. The talent pool within the welfare population is more diverse than is commonly recognized. So, it would be counterproductive to adopt a one-size-fits-all policy that limits the ability of states to design flexible programs that recognize it is important to maximize the lifetime earnings of welfare recipients. It is vitally important that college attendance, working toward a degree, be recognized as a legitimate work activity. The vast earnings differences between college and non-college educated women show that a college education is a proven way to financial independence. And, the educational attainment of the mother is one of the best predictors of a child's educational attainment. So, this would be a policy change to effect generations to come.

Table 2. Logit Regression Results (dependent variable = college course enrollment)

	Model 1 Estimates		
Select Variables	**ALL (n=9,746)**	**AFRICAN AMERICANS (n=1,438)**	**LATINAS (N=1,289)**
Recipient	.6535** (.2987)	.7827 (.5800)	.6079 (.5317)
POST TANF	1.456*** (.1052)	.9374*** (.3042)	1.358*** (.2338)
Interact: Recipients * POST TANF	-1.175*** (.4063)	-1.763** (.8017)	-.2775 (1.109)
Ln(Cost of CC)	-.0525 (.0765)	.0250 (.2998)	.1155 (.1916)
Family Size	-.3068*** (.0423)	-.2602*** (.0876)	-.3030*** (.1096)
Intercept	-.2449***	-.6908***	-.0980***
- 2 Log Likelihood Ratio	12549.322	1790.402	1488.986

*Statistically significant at 10 percent level. **Statistically significant at 5 percent level. ***Statistically significant at 1 percent level.
(Standard Errors are in parenthesis)

Table 2. Logit Regression Results (dependent variable = college course enrollment) (continued)

	Model 2 Estimates			*Model 3 Estimates*		
Select Variables	**ALL (N=6,412)**	**AFRICAN AMERICANS (N=1,097)**	**LATINAS (N=760)**	**ALL (N=6,412)**	**AFRICAN AMERICANS (n=1097)**	**LATINAS (N=760)**
Recipient	.5750 (.5358)	.6203 (1.016)	-.1125 (1.225)	.6279 (.5361)	.5246 (1.033)	.6218 (1.532)
POST TANF	1.466*** (.2865)	.6178 (1.017)	.8523 (.9413)	1.473*** (.2765)	.5885 (1.015)	.8223 (.9749)
Interact: Recipients POST TANF	-.2466 (5843)	-.8723 (.8615)	.3710 (1.522)	-.2419 (.5750)	-.6720 (.8842)	.1460 (1.751)
Ln(Cost of CC)	-.1424 (.1066)	-.1389 (.3422)	-.0342 (.2617)	.2759 (.2216)	.8615 (.5790)	.3234 (.7454)
Family Size	-.0954*** (.0474)	-.1872*** (.1079)	-.0025*** (.1123)	-.0929*** (.0457)	-.2235*** (.1002)	.0202*** (.1195)
States limit college	-.0788 (.1766)	-.2964 (.5629)	.6394 (.5038)	.0313 (.1978)	-.3115 (.4820)	.7119 (.6979)
Interact: Recipients in States that Limit College	.1421 (.5913)	.4141 (1.248)	-.3088 (2.131)	.1480 (.5950)	.6092 (1.147)	-.9368 (2.424)
States no college	-.0261 (.1679)	.4596 (.6295)	-.0892 (.4022)	-.2418 (.2157)	.7252 (.4423)	.1249 (.6839)
Interact: Recipients in States that do not allow College	-.2224 (.5695)	-1.254 (1.042)	2.162 (2.083)	-.2840 (.5561)	-1.565* (.9118)	2.221 (1.751)
Usual Weekly Hours	-.0098*** (.0066)	-.0097*** (.0178)	-.0338*** (.0202)	-.0085*** (.0067)	-.0094*** (.0191)	-.0335*** (.0207)
Interact: Weekly Hours Worked Post TANF	-.0119 (.0084)	-.0038 (.0327)	-.0042 (.0294)	-.0130 (.0084)	-.0107 (.0279)	-.0048 (.0302)
Children Age 5 and younger	-.9993*** (.0916)	-.3214*** (.2290)	-.9263*** (.2933)	-1.000*** (.0891)	-.2515*** (.2097)	-.9658*** (.3205)
Former Recipient	-.8711*** (.1678)	-.9442*** (.4357)	-.8983*** (.5296)	-.8589*** .1653	-.7862*** (.3693)	-.8900*** (.5643)
Intercept	1.028***	1.367***	.0246***	-2.109***	-5.917***	-2.621***
- 2 Log Likelihood Ratio	9059.997	1438.370	1007.207	9059.997	1438.370	1007.207

*Statistically significant at 10 percent level. **Statistically significant at 5 percent level. ***Statistically significant at 1 percent level.
Model 3 in addition to the variables displayed in the table, they also control for the five states with the largest welfare caseload in 1999, they include: California, New York, Texas, Pennsylvania, and Illinois.
(Standard Errors are in parenthesis)

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